Finance and Administration Cabinet STANDARD PROCEDURE	**Page 1 of 3**
ISSUED BY: **Department of Revenue – Tax Administration**	
EFFECTIVE DATE:	
PROCEDURE: **6.11.9** *(formerly KRC 11.1)*	
SUBJECT: **Manual Processing of Refunds**	
Distribution Code(s): **A, B, C, D**	Contact: **Division of Operations Director (502) 564-7868 Station #22**

I.   INTRODUCTION

In order to maintain consistency throughout the Department of Revenue, employees will process all manual refunds in a uniform manner.

II.   PROCECURE

The following procedure will be used by Department of Revenue employees when manually processing:

A. Complete Revenue Form 21A218 (Refund Memo), making sure to include the following:

   1.   The name of the Cabinet and the Department.

   2.   The appropriate division name (i.e. Division of Operations, Division of Collections).

   3.   Indicate if the refund is for multiple payees. If there are multiple payees, a separate Refund Memo is required for each.

   4.   Indicate the fund name from which the refund will be taken (i.e. General Fund, Road Fund, Special Deposit Fund).

   5.   The Payee's name and mailing address.

   6.   The "Receipt Account Number", which is comprised of assigned numbers representing fund, agency, organization, appropriation units department, program/project and function. The resulting number is dependant upon the work performed in a particular taxing area.

   7.   A brief, but thorough, explanation of why the refund is being issued. Use appropriate "Reason" blocks whenever possible. Selecting appropriate information here will reduce the amount of information required as a description.

   8.   Complete the appropriate columns comprised of account number, account number, county code, business code (as appropriate), validating number, type return (as appropriate), tax period, and the amount of refund authorized.

         Always make sure that refunds are requested on a Last In/First Out (LIFO) basis.

The validating number is seven (7) digits and corresponds to the most recent payment for the tax period. The amount refunded cannot be more than the amount originally processed to a particular validating number. Additional validating numbers may be added as appropriate to produce the total amount to be refunded.

The tax period (month/year) is the date to which the tax, penalty, and/or interest was originally credited.

Individual totals must match the "Total Refund Authorized" amount. The amounts listed as part of the "Receipt Account Number" must also match this amount.

9. To determine the amount of interest to be refunded, refer to the section of the Refund Memo (Revenue Form 21A218) and enter the current interest rate, the amount of tax for interest calculation, the dates the interest covers (to/from).

10. The Refund Memo (Revenue Form 21A218) is then signed, dated, and submitted to the appropriate Revenue Section Supervisor, along with any returns upon which the refund is based.

B. Refund Approval

1. The appropriate Revenue Section Supervisor will approve the refund after determining that the taxpayer is properly registered in the Cross Reference Index System (CRIS) and that the taxpayer has paid the necessary amounts from which a refund can be made by reviewing the appropriate tax database(s). If the supervisor finds that the taxpayer is not properly registered or has not remitted the necessary tax dollars, then the Refund Memo (Revenue Form 21A218) will be returned to the employee initiating the request for additional information.

2. Approved Refund Memo's (Revenue Form 21A218) are forwarded to the appropriate Revenue Branch Manager, Assistant Director, or Division Director for review and approval.

3. After review and approval the memo is then forwarded to the Executive Director for approval. After approval from the appropriate Executive Director, the Refund Memo (Revenue Form 21A218) is forwarded back to the initiating tax section for processing.

4. The approved memo is then forwarded to the Revenue Accounts Section of the Division of Operations for processing and validation. Any attached returns are forwarded to the Files Section for storage.

5. After the information is processed and validated, the Refund Memo (Revenue Form 21A218) is forwarded to the Information Capture Section for data entry. A

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GAX2 document is created in E-Mars and the Department of Treasury prints a refund check for mailing by the Scan/Image/Encode Section.

6. A copy of the Refund Memo (Revenue Form 21A218) is attached to the check and both are sent to station 35.

C. Records Retention

1. A copy of the GAX2 (in E-Mars) document, is retained by the Scan/Image/Encode Section. This section also records information from the GAX2 document into a ledger, which they maintain.

2. A copy of the Refund Memo (Revenue Form 21A218) is sent to the Files Section to be placed in the appropriate file folder.

III. FORMS

7. Forms - 6.11.9/a – Refund Memo (21A218)